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UNCLAS SECTION 01 OF 02 MUSCAT 001564

SIPDIS

SENSITIVE

STATE FOR NEA/ARPI, NEA/PI, NEA/PPD, EB/CIP/BA, AND DRL

E.O. 12958: N/A

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SUBJECT: MAKING WAVES IN OMAN

1. (U) Summary: In a move that surprised many observers, the Ministry of Information has granted television and radio broadcasting licenses to two private Omani companies. While this will effectively end the government's broadcasting monopoly, the licensees anticipate having to work closely with the Ministry once they begin operations in 2006. End Summary.

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OPENING UP THE AIRWAVES  
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2. (U) On October 10, the Ministry of Information announced that it had awarded broadcasting licenses to two Omani private sector entities. Oman Holdings International Company (OHI) received permission to operate one television station and two radio stations, while Sabco LLC will be permitted to operate two radio stations, one in Muscat and one in Dhofar. The announcement came on the heels of a positive recommendation from the Private Radio and Television Stations Establishment Committee, which was created by the Ministry to address private sector inquiries regarding broadcasting licenses.

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PRIVATE SECTOR CAUGHT OFF-GUARD  
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3. (SBU) While private sector interest in broadcasting has been long-standing, the October decision by the Ministry caught many off-guard. Ammar Maqbool al-Saleh, Executive Director of OHI, told Emboffs that his company was "shocked" to get permission to operate radio and television stations. While his company has been pursuing this permission with the Ministry since 1994, it didn't expect a decision "so suddenly."

4. (SBU) With little in-house expertise, OHI is assembling a team of broadcasting consultants with hopes of having its radio station on the air in 6 months, followed sometime later by a television station. Television broadcasting will be particularly challenging given its infrastructure costs, with state-run Oman TV refusing to rent OHI its facilities, and absolutely no market survey data. Saleh admitted he does not even know how many homes in the Muscat area have antennas to receive his broadcasts; most have only satellite dishes. He has, however, initiated conversations with content providers in the Arab media capitals of Cairo, Beirut and Dubai for programs to air. Getting advertisers will be another challenge because the number of companies currently advertising on the state-owned television and radio stations are few, and there is little TV broadcast advertising experience among Omani marketing firms.

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OPPORTUNITIES ABOUND...  
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5. (SBU) Other firms are still working with the Ministry to gain approval for their license applications. According to Saleh, 15 applications remain pending with the Ministry. Saleh Zakwani, CEO of Apex Press and Publishing, is optimistic that his company, one of those applicants, will be able to enter the radio broadcasting business in the near future. Zakwani believes that now is the right time for Oman to move toward privatization of broadcasting services, and that radio, given its relatively low set-up and operating costs, is ripe for private sector participation. Apex, which currently publishes a popular weekly and several monthly magazines, hopes to operate both Arabic and English language radio stations that will be based on a playlist format.

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...IN PARTNERSHIP WITH THE MINISTRY  
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6. (SBU) Both Saleh and Zakwani believe that the granting of broadcasting licenses represents a positive step toward media liberalization. Saleh noted that the decision by the government to open the airwaves reflected its realization that it was becoming increasingly difficult to "keep people in the dark," given the popularity of satellite television

and the Internet. Zakwani also expressed his view that a certain degree of press freedom already exists in Oman, making it feasible for the private licenses to be issued.

17. (SBU) Nevertheless, Saleh commented that OHI would have to apprise the Ministry of its operations and programming content, and stated that the company has already met with Ministry officials to discuss what would be permissible in this regard. While the Ministry's response regarding content was predictably vague, according to Saleh, both he and Zakwani said the Ministry was firm in limiting broadcasts to the Arabic and English languages. (Note: With 600,000 Indian nationals in Oman, Hindi broadcasts could prove a lucrative niche. End note.) Zakwani, who already works with Ministry officials because of his company's print operations, noted that maintaining good relations with the Ministry would be important to his radio operations. Meanwhile, OHI Chairman Maqbool al-Saleh, Ammar's father, is a close personal friend of Information Ministry Under Secretary Shaykh Abdallah al-Hosni. Both OHI and Apex said they intend to exercise self-censorship to avoid Ministry meddling, and will exclude politically controversial offerings from their programming menus.

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COMMENT  
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18. (SBU) Based on our meetings, it appears the private sector has little idea right now how to implement their new rights, and even less idea exactly how the government will regulate them. For instance, while OHI knows it must apply to the still-nascent Telecommunications Regulatory Agency (TRA) for an assigned frequency on the FM band, they have no idea how or when the TRA will make that determination. They also know their broadcast license must be renewed in ten years, but not what the renewal criteria might be. What is clear is that, however vague the Ministry's boundaries, the new private broadcasters will be careful not to cross them.  
BALTIMORE